Non-SSI units manufacturing items reserved for SSIs

2408. SHRI T.T.V. DHINAKARAN: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether it is a fact that non-SSI units are permitted to manufacture items reserved for the SSI units under an obligation to export at least 50 per cent of the production;

(b) if so, the total production of reserved items by non-SSI units during the last three years; and

(c) what penalty is imposed in case of non-export of 50 per cent of production as undertaken?

THE MINISTER OF SMALL SCALE INDUSTRIES (SHRI MAHABIR PRASAD): (a) Yes, Sir. Non-SSI units are permitted to manufacture items reserved for the SSI units subject to the condition that every such unit obtains an industrial licence issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, with an obligation to export a minimum of 50% cf the annual production to be achieved within a maximum period of 3 years. Such non-SSI units required to execute Legal Undertakings (LUT) with the Directorate General of Foreign Trade which monitors the fulfilment of export obligation.

(b) The figures of production of reserved items by non-SSI units are not maintained centrally by the Government.

(c) Non-fulfilment of the export obligation by such units is treated as a violation of the conditions incorporated in the industrial licence for which section 24 of the Industries (Development & Regulations) Act, 1951 provides for penalties. In addition, in the event of non-fulfilment of export obligation, the non-SSI unit concerned, on the instructions of the Government of India, is obliged to handover the manufactured goods to the extent of shortfall in fulfilment of the export obligation, to any agency that the Government may nominate for disposal in any manner. The amount recovered from such disposal of the goods is deposited with the

Government towards fulfilment of the export obligation condition. The defaulting unit is also liable to other action including the initiation of legal proceedings for confiscation of goods to the extent of shortfall in the obligation and refusal for further approval and or other liabilities, penalties and consequences under the provisions of Foreign Trade (Development and Regulation) Act, 1992 and the orders and rules made thereunder, as may be decided by the Government.

Reserved commodities for SSIs

†2409. PROF. ALKA BALRAM KSHATRIYA: Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) the names of commodities whose production are reserved under Small Scale Industries;

(b) whether these rules have been violated during the last two years; and

(c) if so, the details thereof alongwith the number of such cases?

THE MINISTER OF SMALL SCALE INDUSTRIES (SHRI MAHABIR PRASAD): (a) The list of 326 products reserved for exclusive manufacture by small scale industries is given in the Annexure. [*See* Appendix 208 Annexure No. 9]

(b) and (c) Government has occasionally received information of violation of the statutory reservation of products for exclusive manufacture in the small scale industry (SSI) segment, by non-SSI units. A non-SSI unit is allowed to manufacture items reserved for manufacture in the small-scale segment after obtaining licence under the Industries (Development & Regulation) Act, 1951, provided it undertakes the obligation to export a minimum of 50% of the production. The Government has initiated action in three cases of violation, in accordance with the provisions of the Industries (Development & Regulation) Act, 1951. Such cases are listed in the Statement.

†Original notice of the question was received in Hindi.